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New \$8 Million Broadband Link Will “Bridge” Michigan’s Peninsulas

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Ann Arbor: Today the Michigan Broadband Development Authority (MBDA) announced it will finance a link between the lower and upper peninsulas with a new fiber optic telecommunications network extending across the Mackinac Bridge. Charter Communications will construct new fiber from Petoskey to Sault Ste. Marie and from Sault Ste. Marie to Munising, linking the western U.P. to the lower-peninsula, selling a portion of their backbone capacity on these and other links to Merit Network, Inc. Merit will gain access to nearly 900 miles of fiber wavelengths. Additional participants in the initiative include the Michigan Economic Development Corporation (MEDC) and the Mackinac Bridge Authority.

The Broadband Authority, a new state agency proposed by the Governor and created earlier this year by the Michigan Legislature, is designed to help the state attract more private sector investment in high-speed Internet infrastructure and to increase demand for (and utilization of) broadband services. This project is the first initiative to be financed by the Authority. When complete in late 2003, the project will:

- Provide a fiber “backbone” across the bridge linking the lower and upper peninsula;
- Provide Merit Network with a stable, long-term cost structure that will save Lake Superior State University, Michigan Technological University, Northern Michigan University and Merit’s other customers, including school and library users, millions of dollars over the next decade;
- Provide a redundant fiber loop to the upper peninsula for increased reliability and security (today service into the region is only supported by a connection extending through Wisconsin into the Western U.P.); and
- Provide a mechanism for Charter Communications to upgrade its network operations and make broadband service more readily available in Sault Ste. Marie and other U.P. markets.

“No other project could better exemplify my hope and vision for the type of initiative I wanted to spur with the creation of this new agency,” noted Governor Engler. “This will build a “virtual bridge” between Michigan’s two great peninsulas. I am confident that this is the first of many new broadband investments we will see developed by the Broadband Authority in the future.”

A key element in this project is the collaboration between Charter Communications and Merit Network, Inc. Historically, the cable industry has not sought shared infrastructure arrangements of this nature. Under the terms of the deal, Merit will purchase (through financing provided by the Authority) fiber wavelengths from Charter. Merit will then own and operate these wavelengths to serve their university, college, school and library customers throughout the U.P. and Northern Lower

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Michigan, particularly Michigan Tech, Northern Michigan University and Lake Superior State, who will provide financial backing to Merit for the initiative.

“It is an appropriate symbol for our new agency to have this important project as its first major initiative,” noted William Rosenberg, Chairman and President of the Broadband Authority. “Access to high-speed Internet highways is vital for all regions of the state. This new link will fill a major gap in the state’s network infrastructure and represents a unique public/private partnership that we hope to replicate in other parts of Michigan.” In particular, Rosenberg noted the important assistance to be provided by the Bridge Authority and the MEDC. “Without access to the Bridge and without grant assistance from the MEDC, this project would simply not be able to happen.”

MBDA Board member and Superiorland Librarian Suzanne Dees of Marquette added that the upper-peninsula has long been an on-line leader and that this new investment will spur even greater opportunity for the schools, businesses and people of the region: “Whether it is on-line distance learning, telemedicine or e-commerce, the U.P. has been an innovative user of broadband. To continue, however, more regions need better and more affordable access to high-speed Internet services. For years there has been talk of a major east/west four lane highway for our region, but in terms of the infrastructure necessary to keep our schools, businesses and people competitive in the 21st century, this project may very well be more important.” Construction on the project will begin this spring with completion by the end of 2003.

Merit Network, Inc. is a non-profit corporation owned and managed by Michigan’s public universities. Merit is one of the state’s largest Internet Service Providers (ISPs) and provides such service to the majority of schools, colleges and libraries in Michigan. More information about Merit and its network can be found at www.Merit.edu

Charter Communications, A Wired World Company, is among the country’s leading broadband communications companies. Charter serves approximately 6.7 million customers. Charter offers an array of services including cable television under the Charter brand; high-speed Internet access via Charter Pipeline; advanced digital video programming services under the Charter Digital Cable brand. Charter is traded on the Nasdaq National Market under the symbol “CHTR”. In Michigan, Charter Communications serves 623,000 customers in over 900 communities. For more information about Charter Communications, go to www.Charter.com

The MBDA was created to help the state attract more private sector investment in high-speed Internet infrastructure, and to increase demand for and utilization of broadband services. It does so by offering 1) low-cost loans to telecommunications companies willing to make such investments and 2) by offering organizations or “broadband users” low-cost financing for the acquisition of hardware/software applications that will improve or increase their use of broadband service. More information about the Michigan Broadband Development Authority and its programs can be found at www.BroadbandAuthority.org

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